

This letter discusses the taxation of trash collection tags or stickers that are sold separately from the trash bags. See 86 Ill. Adm. Code 130.120. (This is a GIL.)

December 29, 2005

Dear Xxxxx:

This letter is in response to your letter dated April 15, 2005, in which you request information. We apologize for the delay in responding to your inquiry. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC operates retail stores in several cities. ABC sells trash bags and related tags or stickers that are attached to the trash bags by the customer when the customer sets the bag of trash out for collection by a municipal trash service. The trash bags are subjected to sales tax at the time of sale. ABC has also taxed the sale of the tag or sticker, but has recently encountered opposition from several customers. Evidently, many customers believe that the tag or sticker is not taxable. We have been unable to locate a statutory exemption from sales tax for the tag/sticker.

ABC sells the tags/stickers to accommodate the various municipalities and makes no profit on the sales. ABC has remitted all of the tax collected to the Department of Revenue.

Are the tags/stickers described above subject to sales tax? If not, what is the basis of the exemption? Thank you for your assistance.

DEPARTMENT'S RESPONSE:

Your letter indicates that your company is selling a tax or sticker separate from trash bags that allow the purchasers to have a trash bag (upon which the tax or sticker is affixed) to be picked up for

collection by a municipal refuse service. As long as the tax or sticker is sold separate from the trash bags or any other item, we believe that such a sale represents the sale of an intangible. Since the Illinois sales tax laws are triggered upon the transfer of tangible personal property, no sales tax liability is incurred on such a sale. See 86 Ill. Adm. Code 130.120(a).

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton
Senior Counsel, Sales & Excise Taxes

TDC:msk